



Monthly Bulletin

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May, 2004

Senate Confirms Commissioner Howard Gould

Howard Gould was confirmed by the California State Senate as Commissioner of Financial Institutions on May 17, 2004. Governor Schwarzenegger appointed Gould as Commissioner effective March 2, 2004. Below are comments from California's new Commissioner:

"I am pleased to both have the opportunity to serve Governor Schwarzenegger, and to serve California's dynamic financial services industry. I am pleased that the California Senate confirmed my appointment this week and I look forward to the challenges and opportunities ahead. During my confirmation process, I was asked to provide the Senators a statement of goals I had developed in my first few weeks as commissioner. I thought that I should share those goals with you as well, so we have replicated below the memo that I submitted to the Senate. I hope that this helps provide you some insight as to what I hope to achieve during my tenure with the Department of Financial Institutions."

Commissioner Gould's Confirmation Statement

To: Mr. Chairman and Members
Senate Rules Committee

Subject: Statement of Goals
Howard Gould
Commissioner of Financial Institutions

I am pleased to have the opportunity to accept Governor Schwarzenegger's offer that I join his Administration, and I seek your confirmation of my appointment, for the very simple reason that I feel I can add value to the state's role in financial institution regulation and can bring experienced managerial expertise to the governmental process.

111 Pine Street, Suite 1100, San Francisco, CA 94111-5613
300 South Spring Street, Suite 15513, Los Angeles, CA 90013-1204
1810—13th Street, Sacramento, CA 95814
7575 Metropolitan Drive, Suite 108, San Diego, CA 92108
Consumer Compliance

(415) 263-8500
(213) 897-2085
(916) 322-5966
(619) 682-7227
(800) 622-0620

Background

I am in a unique stage of professional life wherein my three decades of experience and success in the financial services sector allows me to now focus only on making a contribution. I believe I can make that contribution unaffected by any motivation other than to add value and share what expertise I may have developed. This is the same motivation that led me to become a college professor following retirement from my banking career.

It is also unique that I held a similar position during the Deukmejian Administration. I believe it is that experience, plus my decades as a business executive that will allow me to bring valuable perspective to the Commissioner's duties. During my career, I have seen financial services from the viewpoints of a front line business executive, as a regulator, as a legislative consultant, and as a business consultant. In these various capacities I have dealt with all segments of the financial services industry that I will now regulate. I have managed and consulted to banks, savings and loans, and industrial banks; I have handled the failure of banks, savings and loans, industrial banks, and money changers; I've been involved in the regulation of banks, savings and loans, industrial banks and credit unions; and I've been the client of banks and a credit union. This unique set of experiences provides me with broad perspective of this industry and the dramatic change it is undergoing.

Goals

The opportunity the Governor has given me to add value is the core of my single personal and emotional goal, and that is to leave the Department of Financial Institutions as a significantly more effective governmental organization when I depart than it was when I arrived. And hopefully to make my presence felt, in a positive progressive way, to the industries we regulate. This assumes nothing negative in the department's status, only the optimism that we can achieve continuous improvement. I will endeavor to find ways to measure this progress during my tenure.

In addition to that emotional goal, I have two simply stated business goals – namely:

- To achieve status for the department as the recognized leader among state financial institution regulators nationwide, and
- To build that leadership on a base of solidly competent people and business practices that allows us to most effectively protect the clients of our state's financial institutions.

The first goal - to be #1 among state regulators - is clearly the rightful place for California, given the nature of our state's financial services industry, and is within reach. We must establish benchmarks that are indicative of our status such as accreditation ratings, client surveys, and peer feedback. Being #1 means we are looked to as a peer of the national regulators with whom we cooperate, it means our methodologies are progressive and effective, it means that our opinions are sought from a variety of stakeholders, and that our people are seen as creative in meeting the regulatory challenges in our dynamic industry. Being #1 will enhance the confidence the Legislature and the Administration can place in us.

The second business goal - of continuous enhancement of competence, as the means to building our leadership position - is pursued via two key avenues: our people and our processes. The business of the Department is purely a people business. There is no manufacturing, no supply chain, there are simply people using their skill to protect the public's confidence in our financial system, in the most efficient manner. And effective process is the means by which we can best leverage the limited resource of our people's skills. Because we are resource constrained, we must find process improvements that help target our people's time on the highest value added activities. In the first weeks of my tenure, we have re-

engineered our new bank charter approval process, and reduced the time involved by at least fifty percent.

As a result, our goal of continuous improvement of competence is delivered through consistent skills development for our staff, through efforts to improve our personnel practices to help retain our competent people, through never-ending challenges to improve our processes that save time and money, and through skillful utilization of technology to simplify the development and delivery of competence.

Multitudes of initiatives are necessary to pursue this competence goal, but the determination exists to undertake the tasks. My key role will be to guide and nurture those initiatives, and to leave behind a culture that will sustain competence long after I depart.

In the face of the many challenges that confront our industry and its regulators, as well as the challenges to the dual banking system and state's rights, a solidly competent Department of Financial Institutions is our strongest offense and our only defense.

I look forward to having the opportunity to again serve our state, the Legislature, and the Schwarzenegger Administration as your Commissioner of Financial Institutions.

Thank you.

Paul J. Deiro Appointed Legislative Deputy Commissioner

Commissioner of Financial Institution Howard Gould announced that Paul J. Deiro was appointed Deputy Commissioner, Legislation effective May 17, 2004

Mr. Deiro has extensive experience in policy development, budgetary and fiscal matters, and analyzing and presenting testimony on important legislative issues. Most recently, he served as Senior Consultant for the California State Assembly Republican Fiscal Committee, where his responsibilities included briefing the Vice Chair of the Assembly Budget Committee and Assembly Republican leadership on budget issues and fiscal bills pertaining to public financing, affordable housing, banking, taxation, economic development, privacy, telecommunications and energy policy.

Mr. Deiro formerly served as Director of Legislation for the Department of Housing and Community Development, was Chief Consultant for the California State Assembly Committee on Housing and Community Development and served as the Director of Legislation for the California Housing Finance Agency. Mr. Deiro has also worked on Capitol Hill for U.S. Senator Pete Wilson as a Legislative Aide.

Mr. Deiro takes over from Margaret ("Meg") Svoboda who left DFI on May 10, 2004 to pursue other interests of a professional nature in the area of legislation and public policy.

The Department welcomes Paul and wishes Meg every success in her new endeavors. He will be located in the Sacramento Office and can be reached at (916) 322-5963 or by email at pdeiro@dfi.ca.gov.

Robert Venchiarutti Appointed Deputy Commissioner, Special Licensees

Commissioner Howard Gould announced the appointment of Robert Venchiarutti to Deputy Commissioner, Special Licensee Division effective May 18, 2004. Mr. Venchiarutti has been acting in this capacity for the past year and has brought new Departmental focus to the importance of the regulation of this segment of the financial services industry. Mr. Venchiarutti joined the Department of Financial Institutions (DFI) in December 2000 as a Staff Counsel in the San Francisco Office.

Prior to joining DFI, Mr. Venchiarutti was in private practice for six years. He is a graduate of Georgetown University and Hastings College of the Law.

William G. (Tom) Thompson

It is with great sadness that we report the death of Assistant Chief Counsel William G. (Tom) Thompson on Tuesday, May 4, 2004 at the age of 54. Mr. Thompson first joined the State Banking Department in 1981 as a legal counsel. He was promoted to Senior Counsel and became Assistant Chief Counsel in 1991.

Tom was an enthusiastic high performance car aficionado. He enjoyed driving in track events, and he belonged to a number of car clubs. Tom is survived by Linnea, his wife of 17 years; his son and daughter, Bobby and Sarah; his parents, Bill and Joan and his siblings Katie, John, Sally, Bob and ten nieces and nephews.

Mr. Thompson was a valued member of the Department's legal staff. The DFI staff joins with his many friends and colleagues in extending our deepest sympathy to Mr. Thompson's family.

SB1 – Financial Information Privacy Act

California's Financial Information Privacy Act, commonly referred to as SB 1 (Senate Bill 1 (Speier)) (Division 1.2 (commencing with Section 4050) of the Financial Code), will become effective on July 1, 2004. SB 1 requires financial institutions to deliver privacy notices to consumers as a condition of disclosing consumer information to affiliates and third parties for marketing purposes.

The Department is prepared to include an evaluation of compliance with SB 1 in all examinations conducted after the effective date of the law.

On May 20, 2004, the Department sent out a reminder notice to all of our licensees. At that time, some were under the impression that the lawsuit filed on April 19, 2004, by the American Bankers Association had rendered SB 1 unenforceable.

The SB 1 lawsuit was filed in the Federal District Court in Sacramento (Case number CIV.S-04-0778 MCE KLM) seeking to enjoin the Department, along with the Attorney General and the Departments of

Corporations and Insurance, from enforcing certain of the provisions of SB 1. To date, no hearings have been scheduled.

Licenses were advised in the May 20th notice that the litigation is in its early stages, and that nothing has occurred within the lawsuit to delay or block the effective date of the new law. Absent any intervening event, all licenses of the Department are expected to comply with SB 1 on and after the SB 1's effective date.

It was also noted that the current litigation is narrowly drawn and affects only the plaintiffs in the case. Licenses are advised to seek continuing guidance regarding their responsibilities under SB 1 from their legal counsel or trade association.

Annual Fee Reminder

The following institution types are reminded that annual fees are due in this office on or before July 1, 2004. Please remit fees payable the Department of Financial Institutions at:

Department of Financial Institutions
111 Pine Street, #1100
San Francisco, CA 94111-5613

Representative offices of foreign (other nation) banks

The annual representative license fee for fiscal year 2004/2005 is due on or before July 1, 2004. The fee, as outlined in Section 1702(i) of the California Financial Code, is \$250.00 for each California representative office of a foreign (other nation) bank doing business as of June 1, 2004. Those foreign (other nation) banks which also maintain agency or branch offices in California are not subject to this fee. Please remit fees to the attention of Patrick Carroll at the above address. For questions about fees, call (415) 263-8559 or e-mail pcarroll@dfi.ca.gov.

Branch offices of foreign (other state) state banks

The annual fee for fiscal year 2004/2005 is due on or before July 1, 2004. The fee, as outlined in Section 3804(d) of the California Financial Code, is \$1,000.00 per California branch office; provided, however that the minimum fee shall not be less than \$3,000.00 and the maximum fee shall not be more than \$50,000.00. Please remit fees to the attention of Patrick Carroll at the above address. For questions about fees, call (415) 263-8559 or e-mail pcarroll@dfi.ca.gov.

Facilities of foreign (other state) banks

The annual fee for fiscal year 2004/2005 is due on or before July 1, 2004. The fee, as outlined in Section 3804 (e) of the California Financial Code, is \$250.00 for each facility doing business as of June 1, 2004. Those foreign (other state) banks which also maintain branch offices in California are not subject to this fee. Please remit fees to the attention of Patrick Carroll at the above address. For questions about fees, call (415) 263-8559 or e-mail pcarroll@dfi.ca.gov.

Transmitters of money abroad

The annual fees for fiscal year 2004/2005 are due on or before July 1, 2004. The fees, as outlined in Section 1801(a) of the California Financial Code, are: \$2,500.00 for each transmitter of money abroad license; \$125.00 for each licensee branch office; \$25.00 for each agent headquarters office, and \$25.00 for each agent branch office. Please remit fees to the attention of Julio Prada at the above address. For questions about fees call (415) 263-8540 or e-mail jprada@dfi.ca.gov.

Business and Industrial Development Corporation (BIDCO)

The annual license fee for fiscal year 2004/2005 is due on or before July 1, 2004. The fee, as outlined in Section 31115(a)(6), is \$2,000.00 for each BIDCO doing business as of June 1, 2004. Please remit fees to the attention of Patrick Carroll at the above address. For questions about fees, call (415) 263-8559 or e-mail pcarroll@dfi.ca.gov.

Commercial Bank Activity

New Bank

First General Bank

1744 South Nogales Street, Rowland Heights, Los Angeles County

Correspondent: Gary Steven Findley, Esq.

Gary Steven Findley & Assoc.

1470 North Hundley

Anaheim, CA 92806

(714) 630-7136

Withdrawn: 5/10/04

Great America Bank

In the vicinity of San Gabriel Boulevard and East Valley Boulevard, San Gabriel, Los Angeles County

Correspondent: Gary Steven Findley, Esq.

Gary Steven Findley & Assoc.

1470 North Hundley

Anaheim, CA 92806

(714) 630-7136

Withdrawn: 5/28/04

New YCB Bank

624 Court Street, Woodland, Yolo County

Correspondent: Joseph G. Mason

Dodd, Mason, George LLP

100 Century Center Court, Suite 605

San Jose, CA 95112-4536

(408)452-1478

jmason@dmglegal.com

Filed: 5/20/04

New Bank (Continued)

Ojai Community Bank
402 West Ojai Avenue, Ojai, Ventura County
Correspondent: James H. Avery
James H. Avery Company
PO Box 3009
San Luis Obispo, CA 93403
Phone: (805) 544-5477
Filed: 5/17/04

Merger

Bank of Orange County, Orange, with and into Placer Sierra Bank, Auburn
Filed: 5/10/04

Pacific Union Bank, Los Angeles, with and into Hanmi Bank, Los Angeles
Effected: 4/30/04

Yolo Community Bank, Woodland, with and into New YCB Bank, Woodland
Filed: 5/20/04

Conversion from Industrial Bank

Affinity Bank, Ventura
Filed: 5/6/04
Approved: 5/20/04

Conversion from National Bank

InterBusiness Bank, N.A., Los Angeles, to convert from a national bank to a state-chartered bank under the name InterBusiness Bank
Withdrawn: 5/11/04

Application for Trust Powers

County Bank
550 West Main Street, Merced, Merced County
Approved: 5/4/04
Effected: 5/20/04

Final Order (Financial Code 1913)

First International Bank, Chula Vista
Terminated: 5/14/04

United Pacific Bank, City of Industry
Issued: 4/29/04

Premium Finance Company Activity

New Premium Finance Company

Commonwealth Premium Financing, Inc.
13750 Pipeline Ave., Chino, San Bernardino County
Filed: 5/21/04

Mutual Credit Corporation
1620 N. Placentia Ave., Suite 210, Placentia, Orange County
Filed: 5/26/04

Oasis Financial Services, Inc.
2501 East Chapman Avenue, Suite 100, Fullerton, Orange County
Approved: 5/11/04

Pacific Alliance Premium Finance, Inc.
2501 East Chapman Avenue, Suite 100, Fullerton, Orange County
Approved: 5/14/04

Voluntary Surrender of License

Transamerica Insurance Finance Corporation
600 Montgomery Street, San Francisco, San Francisco County
Effectuated: 5/20/04

Foreign (Other State) Bank Activity

New Facility

Fifth Third Bank

- 26361 Crown Valley Parkway, Suite 200, Mission Viejo, Orange County
- 4510 East Pacific Coast Highway, Suite 640, Long Beach, Los Angeles County

Opened: 8/29/03

Credit Union Activity

Merger

California Federation of Teachers Credit Union, Burbank, into Matadors Community Credit Union, Northridge
Effectuated: 4/30/04

Field of Membership

Seven credit unions received approvals to add 30 new fields of membership during April 2004.

Amendment of Articles of Incorporation

One credit union received approvals for an amendment to the articles of incorporation during April 2004.

Bylaw Amendment

One credit union received approval for a bylaw amendment during April 2004.

Transmitter of Money Abroad Activity**New Transmitter**

HSBC Internet Payment Services (USA) Inc.

Approved: 5/21/04

Trans-Fast Remittance, Inc.

Filed: 5/28/04

Acquisition of Control

Newco Z, Inc., f/k/a Tri-Axxa, Inc. to acquire control of Giromex, Inc.

Filed: 5/20/04

HOWARD GOULD

Commissioner of Financial Institutions

Bulletin for Month ended
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to Financial Code, Section 258



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